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中裕燃气

中裕燃气控股有限公司

ZHONGYU GAS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8070)

**DISCLOSEABLE TRANSACTION:
DISPOSAL OF SUBSIDIARIES**

The Board announced that on 30 April 2007, the Company entered into the S&P Agreement with the Purchaser pursuant to which the Company agreed to sell and the Purchaser agreed to buy the Sale Shares and the Sale Loan for cash consideration in the aggregate amount of HK\$40,000. The Board considers that the consideration was determined after arm's length negotiation between the relevant parties to the S&P Agreement. Completion is expected to take place by 3 May 2007 or such other date as the parties to the S&P Agreement may agree, subject to the terms and conditions of the S&P Agreement.

The S&P Agreement constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. A circular containing further details of the S&P Agreement will be sent to the Shareholders as soon as practicable within 21 days after publication of this announcement and in accordance with the GEM Listing Rules.

At the request of the Company, trading in Shares on GEM has been suspended with effect from 2:30p.m. on 30 April 2007 and will remain suspended pending the release of an announcement regarding a very substantial acquisition.

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S&P AGREEMENT

Date: 30 April 2007

Parties: (1) Zhongyu Gas Holdings Limited, as vendor

(2) Mr. To Man Chiu, an Independent Third Party, as purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser is an Independent Third Party.

Pursuant to the S&P Agreement, the Company agreed to sell and Mr. To agreed to purchase (i) the Sale Shares, representing 100% of the issued share capital of Cyber Dynamic and (ii) the Sale Loan.

Upon Completion, the Purchaser and parties acting in concert with him will hold an aggregate of 10,311 shares of Cyber Dynamic, representing 100% of the issued share capital of Cyber Dynamic.

Consideration

The consideration for the Sale Shares and the Sale Loan is HK\$40,000 in aggregate, which shall be payable by the Purchaser to the Company upon Completion in cash.

The Board considers that the consideration was determined after arm's length negotiation between the relevant parties to the S&P Agreement and was determined with reference to the (i) the unaudited consolidated net liabilities of Cyber Dynamic Group of approximately HK\$6,045,000 as at 31 March 2007 referred to in the paragraph headed "Information on Cyber Dynamic Group" below; and (ii) the outstanding balance of the Sale Loan of approximately HK\$6,611,000 as at the date of the S&P Agreement.

The Board considers the consideration to be fair and reasonable and in the interest to the Company and the Shareholders as a whole.

Conditions and Completion

Completion of S&P Agreement is conditional upon all other necessary consents and approvals (if any) required to be obtained on the part of the Company in respect of the S&P Agreement and the transactions contemplated thereby having been obtained. Upon fulfillment of the above condition, Completion shall take place two Business Days thereafter.

If the condition set out above has not been satisfied on or before 11 May 2007 or such other date as the parties to the S&P Agreement may agree, that S&P Agreement shall cease and determine and none of the parties shall have any obligations and liabilities hereunder save for any antecedent breaches of the terms thereof.

Upon Completion, it is expected that the business operation and the composition of the management of the Company will remain unchanged. Each of the subsidiaries of the Company in the Cyber Dynamic Group will ceased to be subsidiaries of the Company upon Completion.

INFORMATION OF THE GROUP

The Company is an investment holding company and together with its subsidiaries are principally engaged in (i) the exploration, development and production of coal-bed methane and the sale of coal-bed methane in the PRC; (ii) the development, construction and operation of natural gas projects in the PRC, which include design and construction of natural gas pipeline network and ancillary facilities and sale of natural gas, as well as sale

and maintenance of natural gas appliances (iii) the business of HRM solution provision in Hong Kong and the PRC, which principally include development and sale of HRM software, as well as provision of related consultancy services including the project management, implementation and maintenance of the HRM system.

INFORMATION ON CYBER DYNAMIC GROUP

Cyber Dynamic is a company incorporated in the British Virgin Islands and is a wholly owned subsidiary of the Company. Cyber Dynamic is principally engaged in investment holdings. As at the date of this announcement, the assets Cyber Dynamic holds are the four subsidiaries of the Company, namely directly 70.00% equity interests of Manpower Resource Computing (China) Limited, 100% equity interests of Manpower Resource Computing Limited and 77.78% equity interests MRC Human Capital Services Limited and indirectly 70.00% equity interests of 晉興電腦軟體發展 (東莞)有限公司 respectively, engaging mainly in development and distribution of HRM software system and provision of maintenance and consultancy services.

For the two years ended 31 December 2006 and three months ended 31 March 2007, Cyber Dynamic Group recorded a loss of approximately HK\$1,672,000, HK\$480,000 and HK\$186,000 before and after taxation (and extraordinary items) respectively based on the unaudited consolidated financial statements of Cyber Dynamic Group which were prepared in accordance with the accounting principles generally accepted in Hong Kong.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Group is expected to record a loss of about HK\$526,000. Such loss was calculated with reference to the unaudited consolidated net liabilities of Cyber Dynamic Group of approximately HK\$6,045,000 as at 31 March 2007 and the outstanding balance of the Sale Loan of approximately HK\$6,611,000 as at the date of the S&P Agreement.

The Directors intend to apply the entire sale proceeds from the disposal of Cyber Dynamic Group for the Group's general working capitals.

REASONS FOR THE DISPOSAL

In view of the growing business opportunity in relation to the Group's coal-bed methane and natural gas businesses, the Directors consider to streamline the principal businesses of the Group to focus mainly on the coal-bed methane and natural gas businesses. Further, the Cyber Dynamic Group recorded a consistence unaudited consolidated net losses in relation to its HRM solutions business for the two years ended 31 December 2006 of approximately HK\$1,672,000 and HK\$480,000 respectively. Considering that there are no signs of rebound and the HRM solutions business not making any significant contribution to the Group, the Directors consider that the disposing of the HRM solutions business will cut further losses for the Group. On the other hand, the Board had recently approached by an Independent Third Party who has indicated to the Group that he is willing to acquire Cyber Dynamic

Group. The Board considered such disposal would not have any material adverse impact to the business and financial position of the Group. Upon Completion, the Group will cease to be interested on the business of the development and distribution of HRM software system and provision of maintenance and consulting service.

In view of the above, the Directors, including the independent non-executive Directors, considered that the terms of the S&P Agreement were entered into upon normal commercial terms following arm's length negotiations among the parties, and that the terms of the S&P Agreement is fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATION

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expression

“Board”	the board of Directors
“Business Day(s)”	a day or days (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Zhongyu Gas Holdings Limited (中裕燃氣控股有限公司), a company incorporated in the Cayman Islands with limited liability, which is principally engaged in the investment holding and whose issued Shares are listed on GEM
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loan pursuant to the terms and conditions of the S&P Agreement
“Cyber Dynamic”	Cyber Dynamic Enterprise Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly owned subsidiary of the Company
“Cyber Dynamic Group”	Cyber Dynamic together with its subsidiaries
“Directors”	directors of the Company

“GEM”	The Growth Enterprises Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HRM”	human resource management
“Independent Third Party(ies)”	third party(ies) independent of the Company and connected persons (as defined under the GEM Listing Rules) of the Company and are not connected persons (as defined under the GEM Listing Rules) of the Company
“Mr. To”	To Man Chiu, as purchaser
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Mr. To, an Independent Third Party
“S&P Agreement”	the sale and purchase agreement dated 30 April 2007 and entered into between the Company as vendor and Mr. To as purchaser in relation to the sale and purchase of the Sale Shares and the Sale Loan
“Sale Loan”	approximately HK\$6,611,000 owed by Cyber Dynamic Group to the Company as at the date of the S&P Agreement
“Sale Shares”	10,311 shares of US\$1.00 each in the share capital of Cyber Dynamic, being the entire issued share capital of Cyber Dynamic
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

By order of the Board
Zhongyu Gas Holdings Limited
Wang Wenliang
Chairman

Hong Kong, 30 April 2007

As at the date hereof, the executive Directors are Mr. Wang Wenliang, Mr. Hao Yu and Mr. Lu Zhaoheng. The non-executive Directors are Mr. Xu Yongxuan, Mr. Wang Lei and Mr. Nicholas John Ashley Rigg. The independent non-executive Directors are Mr. Wang Shunlong, Dr. Luo Yongtai and Mr. Hung, Randy King Kuen.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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